

A meeting of the Federal Reserve Board was held in Washington on Monday, June 24, 1935, at 11:30 a. m.

PRESENT: Mr. Eccles, Governor
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

There was submitted to the members of the Board the page proof of the 21st Annual Report of the Federal Reserve Board covering operations for the year 1934. Copies of the report in page proof had been furnished to all members of the Board and in addition a copy was circulated among the members of the Board, with a letter of transmittal to the Speaker of the House of Representatives reading as follows:

"Pursuant to the requirements of section 10 of the Federal Reserve Act, I have the honor to submit the Twenty-first Annual Report, prepared by direction of the Federal Reserve Board, covering operations during the calendar year 1934."

The letter was initialed by all of the members of the Board (including the Chairman and the Comptroller of the Currency), with the exception of Mr. Thomas who was absent from the city.

The report and letter of transmittal were approved, with the understanding that the report would be printed as soon as possible following which it would be submitted to the Speaker of the House of Representatives and the President of the Senate and released to the press under date of June 24, 1935.

There were then presented memoranda dated June 19, 20 and 21,

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1935, from the Division of Examinations stating that the Federal reserve agents at the respective Federal reserve banks had recommended, on the basis of thorough examinations, that, in accordance with the provisions of Section 12B(e) of the Federal Reserve Act, the Federal Reserve Board certify to the Federal Deposit Insurance Corporation that the assets of each of the following State member banks are adequate to enable the bank to meet all liabilities to depositors and other creditors as shown by the books of the bank. The memoranda also stated that the reports of examination of the banks listed had been carefully reviewed in the Division; that on the basis of such review the Division concurs in the recommendations of the Federal reserve agents; that in the opinion of the Division there is no doubt that the condition of each of the banks listed is such as to warrant an affirmative certification; and that it is recommended that, upon receipt of a request from the Federal Deposit Insurance Corporation, the Board certify, upon the basis of a thorough examination, that the assets of each of the banks are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank:

<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 11 (DALLAS)</u>		
Southern Arizona Bank and Trust Company	Tucson, Arizona	4/6/35
The Bank of Willcox	Willcox, Arizona	4/11/35
Minden Bank & Trust Company	Minden, Louisiana	4/27/35

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 11 (DALLAS)</u>		
Continental-American Bank and Trust Company	Shreveport, Louisiana	2/5/35
Mimbres Valley Bank	Deming, New Mexico	4/13/35
McFarland Brothers' Bank	Logan, New Mexico	3/14/35
Security State Bank and Trust Company of Beaumont	Beaumont, Texas	12/18/34
State Bank & Trust Company	Beeville, Texas	3/23/35
The First State Bank of Bremond	Bremond, Texas	3/23/35
Brownfield State Bank	Brownfield, Texas	12/12/34
First State Bank & Trust Company of Bryan	Bryan, Texas	3/26/35
Farmers & Merchants State Bank	Carrollton, Texas	12/15/34
The First State Bank	Celina, Texas	12/18/34
The Farmers State Bank of Clarendon	Clarendon, Texas	12/3/34
Farmers State Bank	Clifton, Texas	3/19/35
Citizens State Bank of Dalhart	Dalhart, Texas	3/23/35
Dallas Bank & Trust Company	Dallas, Texas	2/23/35
The Del Rio Bank and Trust Company	Del Rio, Texas	12/15/34
The First State Bank	Dodsonville, Texas	3/19/35
Union State Bank	East Bernard, Texas	12/10/34
Eden State Bank	Eden, Texas	12/15/34
Farmers and Merchants State Bank	Ferris, Texas	3/30/35
Forney State Bank of Forney	Forney, Texas	12/1/34
The First State Bank of Franklin, Texas	Franklin, Texas	4/3/35
Guaranty Bank & Trust Company	Gatesville, Texas	12/3/34
Citizens State Bank & Trust Company	Goose Creek, Texas	3/16/35
Citizens State Bank of Greenville, Texas	Greenville, Texas	12/4/34
Hamilton Bank and Trust Company	Hamilton, Texas	3/16/35
Huntsville Bank and Trust Company	Huntsville, Texas	12/11/34
Iola State Bank	Iola, Texas	4/6/35
The First State Bank of Kirkland, Texas	Kirkland, Texas	12/1/34
The First State Bank	Kosse, Texas	12/1/34
Farmers & Merchants State Bank	Ladonia, Texas	3/27/35
First State Bank of Leakey	Leakey, Texas	12/19/34
Moore State Bank	Llano, Texas	12/1/34
First State Bank of Loraine	Loraine, Texas	3/30/35
Farmers State Bank of Madisonville, Texas	Madisonville, Texas	4/8/35

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 11 (DALLAS)</u>		
First State Bank of Matador	Matador, Texas	12/8/34
First State Bank of Mathis	Mathis, Texas	3/26/35
City State Bank and Trust Company	McAllen, Texas	12/12/34
Guaranty Bond State Bank	Mount Pleasant, Texas	3/23/35
Commercial State Bank	Nacogdoches, Texas	3/16/35
Security State Bank	Pearsall, Texas	12/4/34
Security State Bank & Trust Co.	Ralls, Texas	12/11/34
Citizens State Bank of Richardson, Texas	Richardson, Texas	4/1/35
First State Bank	Robert Lee, Texas	3/28/35
The Roscoe State Bank	Roscoe, Texas	4/1/35
Farmers & Merchants State Bank & Trust Company of Rusk, Texas	Rusk, Texas	12/8/34
Farmers & Merchants State Bank of Shamrock	Shamrock, Texas	3/16/35
Farmers State Bank of Shiro, Texas	Shiro, Texas	4/2/35
Silsbee State Bank	Silsbee, Texas	12/15/34
Commercial State Bank	Sinton, Texas	12/8/34
First State Bank	Spearman, Texas	12/6/34
Thorndale State Bank	Thorndale, Texas	12/8/34
The Farmers and Merchants State Bank	Turkey, Texas	2/11/35
Wellington State Bank	Wellington, Texas	3/20/35
The Security Bank and Trust Company	Wharton, Texas	12/11/34
Wharton Bank and Trust Co.	Wharton, Texas	3/20/35
The Farmers & Merchants State Bank of Wylie	Wylie, Texas	12/17/34

<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 6 (ATLANTA)</u>		
Aliceville Bank & Trust Company	Aliceville, Alabama	4/24/35
The Birmingham Trust and Savings Company	Birmingham, Alabama	1/8/35
The Peoples Savings Bank	Clanton, Alabama	10/15/34
Bank of Commerce	Clayton, Alabama	2/18/35
Columbiana Savings Bank	Columbiana, Alabama	10/17/34
The Parker Bank and Trust Company	Cullman, Alabama	2/20/35
Dothan Bank & Trust Company	Dothan, Alabama	10/10/34
Merchants and Farmers Bank of Greene County	Eutaw, Alabama	12/17/34
Watkins Banking Company	Faunsdale, Alabama	2/5/35
The Citizens Bank of Georgiana	Georgiana, Alabama	10/6/34

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 6 (ATLANTA)</u>		
Marion County Banking Company	Guin, Alabama	3/4/35
The Marion Junction State Bank (Incorporated)	Marion Junction, Alabama	2/7/35
The Citizens Bank	Oneonta, Alabama	2/19/35
The Bank of Pine Apple	Pine Apple, Alabama	10/8/34
The Peoples Bank & Trust Company	Selma, Alabama	2/4/35
The Planters Bank & Trust Company	Thomaston, Alabama	2/5/35
Winfield State Bank	Winfield, Alabama	3/4/35
Bank of York	York, Alabama	2/7/35
Citizens State Bank	Marianna, Florida	11/19/34
Union Trust Company	St. Petersburg, Florida	12/3/34
Central Farmers Trust Co.	West Palm Beach, Florida	12/11/34
Florida Bank & Trust Co. of West Palm Beach	West Palm Beach, Florida	12/8/34
Bank of Adairsville	Adairsville, Georgia	11/24/34
Trust Company of Georgia	Atlanta, Georgia	3/30/35
Georgia Railroad Bank & Trust Company	Augusta, Georgia	3/25/35
The Citizens Bank and Trust Company	Bainbridge, Georgia	3/13/35
The Blackshear Bank	Blackshear, Georgia	3/20/35
The Brunswick Bank and Trust Company	Brunswick, Georgia	3/18/35
Bank of Canton	Canton, Georgia	11/26/34
State Bank of Cochran	Cochran, Georgia	11/14/34
Columbus Bank and Trust Company	Columbus, Georgia	11/20/34
The Merchants and Mechanics Bank of Columbus, Georgia	Columbus, Georgia	11/21/34
Bank of Dawson	Dawson, Georgia	3/11/35
Bank of Eastman	Eastman, Georgia	2/18/35
The Brand Banking Company	Lawrenceville, Georgia	1/28/35
Bank of Millen	Millen, Georgia	11/10/34
Farmers Bank of Pelham	Pelham, Georgia	1/31/35
The Citizens State Bank	Reynolds, Georgia	10/20/34
Bank of Sasser	Sasser, Georgia	3/12/35
Citizens Bank & Trust Company	Savannah, Georgia	5/11/35
The Bank of Soperton	Soperton, Georgia	5/8/35
The Central Bank	Swainsboro, Georgia	11/15/34
The Bank of Tifton	Tifton, Georgia	12/17/34
American Bank and Trust Company	New Orleans, Louisiana	2/23/35
Bank of Slidell	Slidell, Louisiana	1/31/35
The Truckers Exchange Bank	Crystal Springs, Mississippi	2/18/35

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 6 (ATLANTA)</u>		
The Bank of Forest	Forest, Mississippi	2/19/35
Citizens Bank & Trust Company	Carthage, Tennessee	2/9/35
American Trust and Banking Company	Chattanooga, Tennessee	11/3/34
Bank of Hartsville	Hartsville, Tennessee	2/11/35
<u>DISTRICT NUMBER 5 (RICHMOND)</u>		
American Security and Trust Company	Washington, District of Columbia	12/21/34
The Washington Loan and Trust Company	Washington, District of Columbia	2/4/35
The Baltimore Commercial Bank	Baltimore, Maryland	1/28/35
Calvert Bank	Baltimore, Maryland	3/14/35
The Fidelity Trust Company	Baltimore, Maryland	3/6/35
Maryland Trust Company	Baltimore, Maryland	4/15/35
Union Trust Company of Maryland	Baltimore, Maryland	11/30/34
Commercial and Farmers Bank	Ellicott City, Maryland	2/11/35
The Forest Hill State Bank	Forest Hill, Maryland	2/12/35
Hagerstown Trust Company	Hagerstown, Maryland	2/14/35
Farmers and Merchants Bank	Salisbury, Maryland	2/12/35
American Trust Company	Charlotte, North Carolina	2/25/35
Citizens Bank and Trust Company	Concord, North Carolina	2/18/35
Bank of Edenton	Edenton, North Carolina	12/26/34
Bank of Elizabethtown	Elizabethtown, North Carolina	3/19/35
Citizens Bank	Marshall, North Carolina	2/25/35
Tryon Bank & Trust Company	Tryon, North Carolina	2/20/35
Bank of Washington	Washington, North Carolina	2/18/35
Peoples Savings Bank and Trust Company	Wilmington, North Carolina	3/11/35
The Wilmington Savings & Trust Company	Wilmington, North Carolina	3/13/35
Carolina Savings Bank of Charleston	Charleston, South Carolina	5/9/35
The Bank of Hartsville	Hartsville, South Carolina	5/6/35
Farmers Exchange Bank, Incorporated	Abingdon, Virginia	1/26/35
Union Bank and Trust Company of Amelia	Amelia, Virginia	10/6/34
Citizens Bank and Trust Company	Blackstone, Virginia	12/26/34
The Peoples Bank & Trust Company of Chase City	Chase City, Virginia	1/14/35
Planters Bank and Trust Company of Farmville	Farmville, Virginia	12/26/34

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 5 (RICHMOND)</u>		
The Bank of Glade Spring	Glade Spring, Virginia	1/29/35
The Bank of Halifax	Halifax, Virginia	1/16/35
The Bank of Lunenburg	Kenbridge, Virginia	11/13/34
The Bank of La Crosse	LaCrosse, Virginia	11/19/34
Farmers and Merchants Bank of Lawrenceville	Lawrenceville, Virginia	11/22/34
The Lynchburg Trust and Savings Bank	Lynchburg, Virginia	10/29/34
The Peoples Bank of Montross, Virginia, Incorporated	Montross, Virginia	10/15/34
Petersburg Savings and American Trust Company	Petersburg, Virginia	1/16/35
Bank of Powhatan	Powhatan, Virginia	10/13/34
Bank of Commerce and Trusts	Richmond, Virginia	11/5/34
Mechanics and Merchants Bank	Richmond, Virginia	11/7/34
State-Planters Bank and Trust Company	Richmond, Virginia	12/15/34
The Peoples Bank of Rural Retreat	Rural Retreat, Virginia	11/17/34
The Merchants and Farmers Bank Incorporated	Smithfield, Virginia	10/6/34
The Citizens Bank, Incorporated, of South Hill, Virginia	South Hill, Virginia	1/8/35
The Farmers Bank of Nansemond	Suffolk, Virginia	1/14/35
The Farmers Bank of Clinch Valley	Tazewell, Virginia	11/21/34
Peninsula Bank and Trust Company	Williamsburg, Virginia	12/3/34
Union Bank of Winchester	Winchester, Virginia	1/14/35
Berwind Bank	Berwind, West Virginia	10/9/34
The Buffalo Bank	Buffalo, West Virginia	5/1/35
Kanawha Banking and Trust Company	Charleston, West Virginia	10/2/34
The Kanawha Valley Bank	Charleston, West Virginia	10/2/34
Greenbrier Valley Bank	Lewisburg, West Virginia	5/4/35
The Peoples Trust Company	Martinsburg, West Virginia	11/19/34
The Tucker County Bank	Parsons, West Virginia	11/24/34
Potomac Valley Bank	Petersburg, West Virginia	11/14/34
The Bank of Rainelle	Rainelle, West Virginia	10/10/34
The Bank of Romney	Romney, West Virginia	11/20/34
The Bank of St. Albans	St. Albans, West Virginia	4/29/35
The Pleasants County Bank	St. Marys, West Virginia	4/29/35
Traders Trust and Banking Co.	Spencer, West Virginia	5/2/35
Farmers and Merchants Bank of Summersville	Summersville, West Virginia	10/8/34

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 9 (MINNEAPOLIS)</u>		
State Savings Bank of Escanaba, Michigan	Escanaba, Michigan	5/11/35
The State Bank of Ewen	Ewen, Michigan	5/18/35
The Gladstone State Savings Bank	Gladstone, Michigan	5/6/35
The Commercial Bank of Iron Mountain	Iron Mountain, Michigan	10/15/34
The Commercial Bank of Menominee	Menominee, Michigan	10/6/34
Central Savings Bank	Sault Ste. Marie, Michigan	4/29/35
Sault Savings Bank	Sault Ste. Marie, Michigan	4/23/35
State Bank of Aurora	Aurora, Minnesota	3/12/35
State Bank of Belle Plaine	Belle Plaine, Minnesota	10/31/34
Sprague State Bank	Caledonia, Minnesota	11/17/34
Security State Bank of Cannon Falls	Cannon Falls, Minnesota	2/2/35
Root River State Bank	Chatfield, Minnesota	12/12/34
Clinton State Bank	Clinton, Minnesota	3/18/35
State Bank of Gibbon	Gibbon, Minnesota	12/19/34
Security State Bank of Houston	Houston, Minnesota	2/5/35
Peoples State Bank of Plainview	Plainview, Minnesota	12/19/34
First State Bank of Rushmore	Rushmore, Minnesota	5/8/35
Farmers and Merchants State Bank of Sacred Heart	Sacred Heart, Minnesota	11/10/34
Farmers and Merchants State Bank of Springfield	Springfield, Minnesota	11/14/34
State Bank of Springfield	Springfield, Minnesota	10/29/34
Wadena County State Bank	Wadena, Minnesota	3/4/35
Citizens State Bank of Westbrook	Westbrook, Minnesota	12/1/34
First State Bank of Wykoff	Wykoff, Minnesota	2/4/35
Daly Bank and Trust Company of Anaconda	Anaconda, Montana	12/10/34
Citizens Bank & Trust Co.	Big Timber, Montana	1/30/35
Security Trust and Savings Bank	Billings, Montana	2/11/35
Gallatin Trust and Savings Bank	Bozeman, Montana	1/16/35
Security Bank & Trust Company of Bozeman	Bozeman, Montana	1/16/35
Metals Bank & Trust Company	Butte, Montana	1/9/35
The Yellowstone Bank, Columbus, Montana	Columbus, Montana	2/4/35
Deer Lodge Bank and Trust Company	Deer Lodge, Montana	11/28/34
Farmers State Bank of Denton, Montana	Denton, Montana	1/5/35
Clarks Fork Valley Bank of Fromberg, Montana	Fromberg, Montana	2/1/35
Farmers-Stockgrowers Bank	Glasgow, Montana	1/2/35

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 9 (MINNEAPOLIS)</u>		
Montana Bank and Trust Company	Great Falls, Montana	11/26/34
Union Bank and Trust Company	Helena, Montana	12/4/34
The Yellowstone Bank	Laurel, Montana	2/6/35
First State Bank of Richey, Montana	Richey, Montana	2/19/35
Ronan State Bank	Ronan, Montana	1/23/35
State Bank of Terry	Terry, Montana	2/16/35
The State Bank of Townsend	Townsend, Montana	1/26/35
Farmers State Bank	Victor, Montana	1/21/35
Farmers State Bank of Worden	Worden, Montana	2/9/35
State Bank of Alcester	Alcester, South Dakota	2/2/35
Bank of Alpena	Alpena, South Dakota	2/9/35
Citizens State Bank of Arlington	Arlington, South Dakota	12/8/34
Federal reserve agent recommends certification on basis of report of examination as of 6/4/35 which report has not yet been received by Board.		
Butte County Bank	Belle Fourche, South Dakota	2/19/35
Belvidere State Bank	Belvidere, South Dakota	3/21/35
The First State Bank of Buffalo, South Dakota	Buffalo, South Dakota	2/16/35
Burke State Bank	Burke, South Dakota	2/11/35
Farmers State Bank	Faith, South Dakota	2/25/35
Farmers State Bank	Flandreau, South Dakota	12/3/34
Federal reserve agent recommends certification on basis of report of examination as of 6/1/35 which report has not yet been received by the Board.		
Merchants State Bank	Freeman, South Dakota	2/5/35
Farmers and Merchants Bank	Huron, South Dakota	3/13/35
Security Bank & Trust Company	Madison, South Dakota	12/5/34
Security State Bank	McIntosh, South Dakota	2/26/35
Hand County State Bank	Miller, South Dakota	3/16/35
Commercial Trust and Savings Bank	Mitchell, South Dakota	4/9/35
Citizens Bank and Trust Company	Mobridge, South Dakota	2/27/35
Reclamation State Bank	Newell, South Dakota	2/18/35
Farmers & Merchants State Bank	Presho, South Dakota	3/19/35
The Bear Butte Valley Bank	Sturgis, South Dakota	2/23/35
The Bank of Toronto of Toronto, South Dakota	Toronto, South Dakota	4/6/35
Jerould County Bank	Wessington Springs, South Dakota	2/6/35
Farmers State Bank	Winner, South Dakota	2/14/35
Sanborn County Bank	Woonsocket, South Dakota	3/11/35
Bank of Boyceville	Boyceville, Wisconsin	1/26/35
First State Bank of Glenwood	Glenwood City, Wisconsin	1/28/35

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
<u>DISTRICT NUMBER 1 (BOSTON)</u>		
The Union and New Haven Trust Company	New Haven, Connecticut	4/15/35
The Southington Bank and Trust Company	Southington, Connecticut	2/27/35
The Brooks Bank and Trust Company	Torrington, Connecticut	2/25/35
The Colonial Trust Company	Waterbury, Connecticut	3/13/35
The Waterbury Trust Company	Waterbury, Connecticut	3/4/35
Depositors Trust Company	Augusta, Maine	5/6/35
The Merrill Trust Company	Bangor, Maine	5/20/35
Bar Harbor Banking and Trust Company	Bar Harbor, Maine	4/13/35
Union Trust Company of Ellsworth	Ellsworth, Maine	2/25/35
Guilford Trust Company	Guilford, Maine	5/7/35
Sanford Trust Company	Sanford, Maine	1/21/35
Menotomy Trust Company	Arlington, Massachusetts	4/6/35
The New England Trust Company	Boston, Massachusetts	2/16/35
Old Colony Trust Company	Boston, Massachusetts	10/5/34
Pilgrim Trust Company	Boston, Massachusetts	12/19/34
State Street Trust Company	Boston, Massachusetts	3/22/35
The Union Trust Company of Boston	Boston, Massachusetts	12/1/34
United States Trust Company	Boston, Massachusetts	12/31/34
Norfolk County Trust Company	Brookline, Massachusetts	4/20/35
County Bank and Trust Company	Cambridge, Massachusetts	1/7/35
Harvard Trust Company	Cambridge, Massachusetts	10/27/34
Everett Bank and Trust Company	Everett, Massachusetts	4/10/35
B. M. C. Durfee Trust Company	Fall River, Massachusetts	4/2/35
Fall River Trust Company	Fall River, Massachusetts	1/26/35
Gloucester Safe Deposit and Trust Company	Gloucester, Massachusetts	2/28/35
Security Trust Company	Lynn, Massachusetts	1/7/35
Blue Hill Bank & Trust Company	Milton, Massachusetts	5/25/35
Newton Trust Company	Newton, Massachusetts	10/22/34
Norwood Trust Company	Norwood, Massachusetts	12/31/34
Quincy Trust Company	Quincy, Massachusetts	1/19/35
Naumkeag Trust Company	Salem, Massachusetts	3/28/35
Somerville Trust Company	Somerville, Massachusetts	5/4/35
Springfield Safe Deposit and Trust Company	Springfield, Massachusetts	3/9/35
Union Trust Company of Springfield, Massachusetts	Springfield, Massachusetts	5/11/35
Bristol County Trust Company	Taunton, Massachusetts	1/26/35
Winchester Trust Company	Winchester, Massachusetts	5/25/35
Worcester County Trust Company	Worcester, Massachusetts	4/27/35
Carroll County Trust Company of Conway	Conway, New Hampshire	10/29/34

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<u>Name of Bank</u>	<u>Location</u>	<u>Date of Examination</u>
	<u>DISTRICT NUMBER 1 (BOSTON)</u>	
Industrial Trust Company	Providence, Rhode Island	2/2/35
Union Trust Company	Providence, Rhode Island	1/14/35

The memoranda further recommended that the Secretary or an Assistant Secretary of the Board be authorized to execute, upon receipt of an appropriate request from the Federal Deposit Insurance Corporation, a certificate to the following effect as to any or all of the banks listed above:

"Pursuant to the provisions of subdivision (e) of Section 12B of the Federal Reserve Act, the Federal Reserve Board hereby certifies, upon the basis of a thorough examination of each of the State member banks listed below, that the assets of each of the banks are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown on the books of the bank:

(here list State member banks being certified)"

The recommendations of the Division of Examinations were unanimously approved.

There was also presented a memorandum dated June 21, 1935, from the Division of Examinations stating that an affirmative certification to the Federal Deposit Insurance Corporation on the basis of the most recent report of examination of the Bank of Jamestown, Jamestown, New York, as of December 4, 1934, depends upon whether the \$1,000,000 of capital debentures issued to the Reconstruction Finance Corporation or the \$300,000 of Class B debentures sold locally and subordinated to the Reconstruction Finance Corporation debentures are to be regarded as part of the capital structure or as liabilities to creditors under the provisions of Section 12B(e) of the Federal Reserve Act. The memorandum pointed out that in order to pay the Class B debentures the bank must be in a position to meet the demands of its depositors and other creditors and to retire the capital debentures

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sold to the Reconstruction Finance Corporation and that the bank has a net sound capital of \$736,000 if capital debentures sold to the Reconstruction Finance Corporation and locally are included in the capital account; a net sound capital of \$436,000 if the capital debentures sold to the Reconstruction Finance Corporation are included in the capital account; and an impairment of debentures in the amount of \$564,000 if neither the capital debentures sold to the Reconstruction Finance Corporation nor locally are considered as capital for the purposes of certification.

The memorandum also stated that the Federal Reserve Agent at the Federal Reserve Bank of New York had recommended that the bank be certified; that the Division of Examinations had proceeded on the basis that capital notes and debentures sold to the Reconstruction Finance Corporation could be considered as capital and not as liabilities to creditors for the purpose of certification and on that basis concurs in the recommendation of the Federal Reserve Agent; but that the matter is presented to the Federal Reserve Board for determination.

The memorandum also stated that in the recommendations previously submitted, capital notes or debentures sold to the Reconstruction Finance Corporation had been included in net sound capital, but that in no case had the amount of net sound capital as reported been less than the amount of capital notes or debentures sold to the Reconstruction Finance Corporation.

It was voted that upon receipt of a proper request from the Federal Deposit Insurance Corporation,

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the Bank of Jamestown should be certified to the corporation as having assets adequate to enable it to meet all of its liabilities to depositors and other creditors as shown on the books of the bank and the Secretary or an Assistant Secretary of the Board was authorized to issue a certificate to that effect upon receipt of a request from the Federal Deposit Insurance Corporation.

The Board then acted upon the following matters:

Letter dated June 20, 1935, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, advising that, at the meeting of the board of directors on that date, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated June 21, 1935, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the permanent appointment of Mrs. Ethel L. Evans, who has been temporarily employed as a clerk in the Division since April 4, 1935, with no change in her present salary at the rate of \$1,620 per annum, effective as of the date upon which she passes a satisfactory physical examination. The recommendation was approved by four members of the Board on June 22, 1935.

Approved.

Letter to the Federal reserve agents at all Federal reserve banks transmitting forms and instructions in connection with the next call for condition reports of State member banks.

Approved.

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Letter to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to the application of The Citizens National Bank of Athens, Tennessee, inclosed with your letter of June 1, for one additional share of stock of the Federal Reserve Bank of Atlanta.

"The application shows that the bank has \$50,000 preferred stock, \$50,000 common stock, \$25,000 surplus and 'Reserves for dividends payable in common stock' in the amount of \$1,000. Information received from the office of the Comptroller of the Currency indicates that the reserve referred to was set up for the payment of cash dividends on common stock, rather than for the purpose of payment of a common stock dividend incident to the retirement of preferred stock. Under the circumstances the bank is not entitled to apply for additional Federal Reserve bank stock. The application, therefore, has been filed without action by the Board."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of Mr. Dillistin's letter of June 8, 1935, relating to the voting permit applications of First Securities Corporation of Syracuse and First Trust & Deposit Company, both of Syracuse, New York, and inclosing a copy of a letter of June 6, 1935, from J. C. Maurer, Vice President, First Securities Corporation of Syracuse.

"It is noted that Mr. Maurer states: 'We see no reason for further consideration of the applications for voting permits in connection with The North Syracuse National Bank'. As you know, the Board has previously ruled that the holding company affiliate relationships with the other banks in the group have been terminated. Accordingly, in view of Mr. Maurer's statement, the Board will consider the applications of First Securities Corporation of Syracuse and First Trust & Deposit Company as withdrawn unless it is promptly advised to the contrary.

"While it appears that the holding company affiliate relationships with The North Syracuse National Bank may terminate with the next election of directors of the bank, it should be

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"noted that unless voting permits are obtained the stock of such bank owned or controlled by First Securities Company of Syracuse and First Deposit & Trust Company cannot be lawfully voted at that election of directors or any other meeting of the bank's stockholders until such time as the holding company affiliate relationships are terminated. Please advise both applicants in accordance with this letter."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"This refers to the letter dated June 13, 1935 from Mr. Gibbs Lyons, Deputy Comptroller of the Currency, regarding the question whether deposits of Postal Savings funds are affected by the recent order of the Banking Commission of the State of Wisconsin reducing the rate of interest which may be paid on time and savings deposits.

"The Federal Reserve Board has recently received a request from the Federal Reserve Agent at Minneapolis for a ruling by the Board as to whether member banks located in Wisconsin will be qualified to accept deposits of Postal Savings funds after July 1, 1935, the effective date of the order of the Wisconsin Banking Commission. In his letter, the Federal Reserve Agent at Minneapolis quoted the following excerpt from a letter dated June 8, 1935 addressed to him by Mr. S. N. Schafer, State Banking Commissioner:

'Our attorney has ruled that our recent order, limiting the rate of interest which may be paid on time deposits to 2%, does not cover Postal Savings deposits as these are special secured deposits and are not construed as time deposits. The law gives the Banking Commission the power to regulate interest on time deposits and inasmuch as Postal Savings are not construed as time deposits, they are not covered by our order.'

"As you will notice from the above-quoted excerpt from Mr. Schafer's letter, it appears that the State Banking Commission has ruled that its recent order does not cover deposits of Postal Savings funds.

"There is inclosed herewith a copy of the Board's reply to the above-mentioned letter from the Federal Reserve Agent at Minneapolis. As soon as the Board obtains confirmation of its

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"understanding that the recent order of the Wisconsin Banking Commission does not apply to deposits of Postal Savings funds, you will be promptly advised of such fact."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Inclosed herewith is a copy of a letter dated June 10, 1935, and inclosure, from the Federal Reserve Agent at Minneapolis regarding the question whether member banks located in Wisconsin will be qualified to accept deposits of Postal Savings funds after July 1, 1935, the effective date of the order of the State Banking Commission of Wisconsin reducing the rate of interest which may be paid by State banks in Wisconsin upon time and savings deposits to 2 percent per annum. There is also inclosed herewith a copy of the Board's reply to the above letter.

"It will be appreciated if you will communicate with the Federal Reserve Agent at Minneapolis or the State Banking Commission of Wisconsin in order to confirm the Board's understanding that the Commission's order of May 27, 1935 does not apply to Postal Savings deposits and, upon receipt of such confirmation, notify the member banks in your district located in Wisconsin that the Commission has ruled that its order of May 27, 1935 does not apply to deposits of Postal Savings funds and, accordingly, that member banks in Wisconsin may, after July 1, 1935, pay interest on such deposits at a rate not exceeding that prescribed in Regulation Q.

"Please advise the Board of the action taken by you in this matter and furnish to the Board copies of any notification which you may send to the member banks in your district located in Wisconsin."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

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"This refers to your letter dated June 10, 1935, regarding the question whether member banks in Wisconsin will be disqualified after July 1, 1935 to accept Postal Savings deposits in view of the fact that the order of the State Banking Commission dated May 27, 1935 limited the rate of interest which State banks may pay upon certain time and saving deposits to 2 percent per annum, whereas the Postal Savings Act requires that deposits of Postal Savings funds shall bear interest at a rate of not less than $2\frac{1}{4}$ percent per annum.

"In view of the statement in the letter to you from Mr. S. N. Schafer, State Banking Commissioner, dated June 8, 1935, it is understood that the State Banking Commission has ruled that the order of May 27, 1935 does not apply to Postal Savings deposits, and, accordingly, that there is no limitation upon the amount which State banks may pay upon such deposits, other than the limitations imposed upon member banks by the Federal Reserve Act and the Board's Regulation Q.

"The Federal Reserve Board is of the opinion that deposits of Postal Savings funds are time deposits, and, therefore, is in agreement with the opinion of your counsel that member banks which are prevented by State law from paying as much as $2\frac{1}{4}$ percent interest on all time deposits are disqualified to receive deposits of Postal Savings funds. However, it appears that State banks in Wisconsin are not forbidden to pay interest at a rate exceeding 2 percent per annum on deposits of Postal Savings funds as distinguished from other classes of time deposits and, accordingly, that in the circumstances of this case there is no maximum rate within the meaning of section 24 of the Federal Reserve Act authorized by law to be paid upon Postal Savings deposits by State banks organized under the laws of Wisconsin, although there is a maximum rate of 2 percent per annum authorized by law to be paid upon other classes of time deposits by State banks organized under the laws of that State.

"Accordingly, on the basis of the understanding that the State Banking Commission of Wisconsin has ruled that the order of May 27, 1935 does not apply to deposits of Postal Savings funds, it is the opinion of the Federal Reserve Board that member banks located in Wisconsin may pay interest on deposits of Postal Savings funds at a rate not exceeding that prescribed in Regulation Q.

"It is the Board's understanding that the above quoted excerpt from Mr. Schafer's letter of June 8, 1935 represents the official position of the Wisconsin State Banking Commission but, if you have not already done so, it is suggested that you confirm this understanding and, after obtaining such confirmation, notify the member banks in your district located in

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"Wisconsin that the Commission has ruled that its order of May 27, 1935 does not apply to deposits of Postal Savings funds and, accordingly, that member banks in Wisconsin may, after July 1, 1935, pay interest on such deposits at a rate not exceeding that prescribed in Regulation Q.

"It will be appreciated if you will advise the Board of the action taken by you in this matter and furnish to the Board copies of any notification which you may send to the member banks in your district located in Wisconsin."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Honorable A. W. Hall, Director of the Bureau of Engraving and Printing, reading as follows:

"Referring to your recent undated letter, it is estimated that Federal Reserve note printing requirements for the fiscal year ending June 30, 1937, will amount to 8,051,500 sheets as follows:

Fives	2,647,000	sheets
Tens	4,348,000	"
Twenties	1,051,000	"
Hundreds	2,000	"
One thousands	<u>3,500</u>	"
Total	8,051,500	"

"You are further advised that the Board is today placing with the Comptroller of the Currency a formal order for the printing during the fiscal year ending June 30, 1936, of 10,522,900 sheets of Federal Reserve notes of the various Federal Reserve banks."

Approved, together with a letter to Mr. O'Connor, Comptroller of the Currency, in accordance with the letter to Mr. Hall.

Telegram dated June 22, 1935, approved by four members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Retel June 21, should present permanent insurance provisions of Section 12B of Federal Reserve Act become effective,

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"Class A stock in FDIC purchased by State member banks may be carried as an asset at purchase price. Refunds received from corporation on assessment made under temporary fund should be credited to account to which such assessment was charged."

Approved.

Letter dated June 22, 1935, approved by five members of the Board, to Mr. John C. McNamara, Jr., The John C. McNamara Organization, New York, New York, reading as follows:

"Reference is made to your letter of May 17, 1935, to Governor Eccles in regard to the proposal that member banks purchase single premium annual yield insurance policies on the lives of debtors owing slow, unprotected loans. You request advice as to the attitude of the Federal Reserve Board in respect to the valuation of such single premium policy contracts as assets of member banks and as to the acceptability of such contracts as collateral for loans to member banks.

"With regard to your first inquiry, the Board is not in a position to state what values would be allowed by the examiners for Federal Reserve banks on a life insurance policy held in the assets of a member bank, since the value allowed by an examiner would necessarily depend upon a consideration of all the factors developed by his review of the policy contract and the responsibility of the company which issued it. Ordinarily, however, in the absence of any qualifying conditions, life insurance policies issued by responsible companies when held as an asset of a bank would be valued at the amount for which they may be surrendered for cash.

"In connection with your second inquiry, you are aware, of course, that under existing law the insurance policies to which you refer, if held by a member bank, would not be eligible for rediscount with Federal Reserve banks and are not included in the types of collateral which are eligible under the provisions of Section 13 of the Federal Reserve Act as security for advances by Federal Reserve banks to member banks. Should the proposed Banking Act of 1935 become law, the Board will necessarily consider what changes should be made in its regulations with respect to the character of collateral that would be accepted as security for member bank promissory notes."

Approved.

Letter to Mr. Kettig, Deputy Chairman of the Federal Reserve

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Bank of Atlanta, reading as follows:

"In response to your letter of June 19, 1935, you are advised that the Federal Reserve Board has approved payment by the Federal Reserve Bank of Atlanta to Mr. A. K. Merrill, of Dothan, Alabama, and Mr. J. C. Fleming, of Elba, Alabama, Attorneys at Law, the sum of \$1,229.56 as attorneys' fees in connection with services rendered in the case of the Federal Reserve Bank of Atlanta v. the Estate of Morgan P. Adams, the payment of said fee having previously been authorized by the Executive Committee of the Federal Reserve Bank of Atlanta upon the recommendation of the Bank's General Counsel."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Receipt is acknowledged of your letter of June 6, 1935, relating to the voting permit application of General Educational Fund, Inc., Founded by Emma Eliza Curtis, Burlington, Vermont, and inclosing copies of certain correspondence between Mr. McRae and C. E. Brigham, treasurer of the applicant, concerning a proposed plan for the termination of the holding company affiliate relationship.

"It is understood that The Merchants National Bank of Burlington, Burlington, Vermont, the applicant's only subsidiary member bank, has 3,750 shares of stock outstanding, that 2,835 3/5 shares were voted at the preceding election of directors, and that the applicant is the record owner of 2710 3/5 shares. In his letter of June 3, 1935, Mr. Brigham states that the applicant proposes to sell 1,350 shares of such stock, thus leaving it the owner of 1,360 3/5 shares. On the basis of these facts alone, the Board is of the opinion that, upon the consummation of the proposed plan, the holding company affiliate relationship would be terminated, if the sale of the stock was a bona fide sale and the applicant relinquished all interest in or control over the stock.

"However, it appears that the applicant may own or control an additional 150 shares which are registered in the names of the trustees of the applicant in order to qualify them as directors of the subsidiary bank. It is understood that such stock was purchased from the applicant for a nominal consideration, that each trustee executed an agreement to reconvey such stock

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"to the applicant upon the termination of his services as a director of the bank and that the stock has been indorsed in blank and returned to the custody of the applicant. There is some indication in Mr. Brigham's letter of May 20, 1935, that he considers such stock to be stock controlled by the applicant. If such stock is owned or controlled by the applicant, the holding company affiliate relationship would not be terminated by the consummation of the proposed plan. If a definite ruling is desired concerning this matter, the Board will be glad to give it further consideration upon receipt of an expression of your views, together with any additional information which may be available.

"Consideration should also be given to the fact that under the proposed plan the number of directors of the bank would be reduced and only two of the trustees of the applicant would serve as directors of the bank. Presumably at least a portion of the stock now registered in the names of the individual trustees would be reconveyed to the applicant in accordance with the above-mentioned agreements and hence the holding company affiliate relationship might not be terminated even though it should be determined that such stock is not now owned or controlled by the applicant."

Approved.

Letter dated June 22, 1935, approved by four members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letter of May 23, 1935 relating to the voting permit application of San Diego First National Company, San Diego, California, for a voting permit authorizing it to vote the stock which it owns or controls of The First National Trust and Savings Bank of San Diego, San Diego, California, and submitting certain information with reference to the possible termination of the holding company affiliate relationship.

"The Board understands that The First National Trust and Savings Bank of San Diego has 10,000 shares of preferred stock and 5,000 shares of common stock outstanding; that San Diego First National Company owns or controls 4831 shares of the common stock; that the Reconstruction Finance Corporation owns all of the preferred stock; that at the preceding election of directors 200 shares of the common stock and all of the shares of preferred stock were voted; that San Diego First National

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"Company then owned or controlled 4826 shares of the stock but voted only 41 shares; and that the proxy for the Reconstruction Finance Corporation had no connection with San Diego First National Company or The First National Trust and Savings Bank of San Diego.

"On the basis of these facts the Board is of the opinion that San Diego First National Company is not now a holding company affiliate of The First National Trust and Savings Bank of San Diego and, accordingly, it is assumed that no further consideration need be given to the application for a voting permit. In the absence of any further facts which you believe should be considered by the Board you may advise San Diego First National Company in accordance with this letter. It may be noted that if the Reconstruction Finance Corporation should issue a proxy for a future meeting to San Diego First National Company or a person or persons under its control, a further question might arise concerning the existence of a holding company affiliate relationship at the time of such meeting and it is suggested that you bring this to the attention of San Diego First National Company."

Approved.

Letter to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Consideration has been given to your letter of May 21, 1935 and inclosures with further reference to a possible violation of section 32 of the Banking Act of 1933 resulting from the holding of certain bonds by C. F. Childs and Company, Inc., New York, New York, for The Poultney National Bank, Poultney, Vermont, which was referred to in the report of examination of the national bank.

"It now appears that the bonds were purchased from C. F. Childs and Company, Inc. and left with that company temporarily, awaiting instructions as to their disposition. These instructions were not given as soon as the bank had anticipated. However, after the criticism of the bank examiner, the bonds were promptly transferred to the Federal Reserve Bank of Boston for safekeeping. It further appears that the national bank has no dealings with C. F. Childs and Company, Inc. other than purchasing and selling United States Government securities through them, and that C. F. Childs and Company, Inc. is not performing any banking function on behalf of the national bank, nor acting as medium or agent or in any similar capacity for the national

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"bank in connection with the underwriting or flotation of securities.

"Under the circumstances, the Board sees no reason to differ with your conclusion and that of your General Counsel that C. F. Childs and Company, Inc. is not a correspondent of the national bank within the meaning of section 32 of the Banking Act of 1933."

Approved.

Letter to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the original and copies of the Clayton Act permit granted to Mr. Carroll B. Merriam, Topeka, Kansas, to serve at the same time as director and officer of Federal Home Loan Bank of Topeka and as director and officer of The Central National Bank of Topeka, both of Topeka, Kansas, for the period ending January 14, 1936, for transmittal by you to the applicant and the banks involved; a copy is also inclosed for your files.

"It is noted in your report (F.R.B. Form 94b - item 18) that application was made to serve as director and officer of Central Trust Company, Topeka, Kansas, but that the application was subsequently amended to exclude such service since the provisions of Section 8 of the Clayton Act do not appear to be applicable to this relationship and since the latest report of examination of Central Trust Company indicates that that institution makes no loans on the security of stock or bond collateral within the contemplation of Section 8A of the Act. It is assumed that, if you have not already done so, you will direct Mr. Merriam's attention to the provisions of Section 8A of the Act and inform him that in the event the Central Trust Company in the future makes loans on the security of stock or bond collateral, his services with this institution while at the same time serving as a director, officer or employee of a bank organized or operating under the laws of the United States will be in violation of the Clayton Act unless there is in force a permit therefor.

"When the permit is sent to the applicant and copies thereof to the banks involved please advise them that the permit has been issued so as to expire at the close of January 14, 1936, as there is now pending before the Congress proposed legislation for the purpose of clarifying and otherwise amending

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"the provisions of the Clayton Act relating to interlocking bank directorates."

Approved.

Thereupon the meeting adjourned.

C. Foster Moore
Secretary.

Approved:

W. C. C. C.
Governor.